



## **Backgrounder**

### **Tax harmonization takes food off the table**

**Thursday, March 26, 2009**

The Social Planning Network of Ontario (SPNO) has joined with public health and community leadership across Ontario to promote the introduction of a \$100 monthly Healthy Food Supplement for more than half a million adults on social assistance as a central part of a poverty reduction strategy. Regrettably, the 2009 provincial budget does not include this measure.

SPNO is concerned that the harmonization of the Provincial Sales Tax and the Federal Goods and Services Tax will hide the fundamental issue that adults on Ontario Works (OW) and the Ontario Disability Support Program (ODSP) do not have enough monthly income to afford a healthy diet and other basic necessities of life.

The provincial budget offers rebates and increased tax credits to low income people to offset the increased taxes resulting from the harmonization scheme. People on social assistance, however, will have serious problems with these provisions:

- Single adults will get a \$300 rebate in 2010, when the harmonized tax is introduced as a transition to the new tax regime. This is a one-time rebate that does not extend beyond 2010. Further, this payment to single adults is \$700 less than couples and families with household incomes less than \$160,000.
- In 2011, the maximum sales tax credit will increase to \$260 from its current rate of \$100, to be paid quarterly. This additional \$160 amounts to only \$13 per month to cover tax increases for major cost areas that will be affected by harmonization such as gas and electricity and a range of other services not currently incurring a PST charge.
- Changes to the property tax credit will increase the maximum credit for a single adult to \$370 from the current maximum of \$250. This \$120, however, will be paid annually upon completion of an income tax form and

will not assist the cashflow needs of social assistance recipients to pay monthly bills such as home heating costs that will incur the additional 8% tax charge.

- In general, annual or quarterly tax credit payments do not help social assistance recipients meet expenses that are usually due monthly and sometimes weekly.

The provincial budget does make provision for a 2% increase in social assistance rates. But, this may not even keep pace with the rate of inflation for food. The Association of Local Public Health Agencies (alPHA) reports that the costs of a Nutritious Food Basket increased by 3.2% between 2006 and 2007.

***The issue for social assistance recipients is not just keeping up with the rate of inflation, or avoiding falling behind from the costs of a new harmonized consumption tax. The issue is having enough money on a monthly basis to afford the basic necessities of life including food and rent. The cost of inadequate income to their physical and mental health is well-documented.***

More and more communities across Ontario are making the connection between food, health and poverty. This issue will not be going away as public health and community leaders continue to join their voices for the Healthy Food Supplement in the coming months.

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[www.povertywatchontario.ca/put-food-in-the-budget/](http://www.povertywatchontario.ca/put-food-in-the-budget/)

